

**REPORT OF THE AUDIT OF THE  
FORMER PULASKI COUNTY  
SHERIFF'S SETTLEMENT - 2001 TAXES**

**April 13, 2002**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.kyauditor.net](http://www.kyauditor.net)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**





**CRIT LUALLEN**  
**Auditor of Public Accounts**

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Darrell BeShears, Pulaski County Judge/Executive

Honorable Todd Wood, Pulaski County Sheriff

Members of the Pulaski County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the former Pulaski County Sheriff's Settlement - 2001 Taxes as of April 13, 2002, for former Sheriff Sam Catron (Deceased).

We engaged Carpenter, Mountjoy & Bressler, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC, evaluated the former Pulaski County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE  
FORMER PULASKI COUNTY  
SHERIFF'S SETTLEMENT - 2001 TAXES**

**April 13, 2002**

Carpenter, Mountjoy & Bressler, PSC, has completed the audit of the Sheriff's Settlement - 2001 Taxes as of April 13, 2002, for former Pulaski County Sheriff Sam Catron (Deceased). We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The former Sheriff collected taxes of \$12,133,063 for the districts for 2001 taxes, retaining commissions of \$424,286 to operate the Sheriff's office. The former Sheriff distributed taxes of \$11,697,656 to the districts for 2001 taxes. Refunds of \$45 are due to the former Sheriff from the taxing districts.



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# Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Darrell BeShears, Pulaski County Judge/Executive

Honorable Todd Wood, Pulaski County Sheriff

Members of the Pulaski County Fiscal Court

## Independent Auditor's Report

We have audited the former Pulaski County Sheriff's Settlement - 2001 Taxes as of April 13, 2002. This tax settlement was the responsibility of former Sheriff Sam Catron (Deceased) of Pulaski County. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

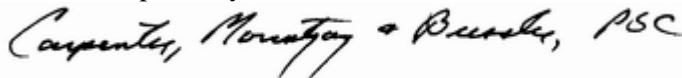
As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the former Pulaski County Sheriff's taxes charged, credited, and paid as of April 13, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Darrell BeShears, Pulaski County Judge/Executive  
Honorable Todd Wood, Pulaski County Sheriff  
Members of the Pulaski County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2003, on our consideration of the former Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC". The signature is written in dark ink on a light background.

Carpenter, Mountjoy & Bressler PSC

Audit fieldwork completed -  
December 19, 2003

PULASKI COUNTY  
SAM CATRON, FORMER SHERIFF  
SHERIFF'S SETTLEMENT - 2001 TAXES

April 13, 2002

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 1,014,370	\$ 1,086,826	\$ 6,041,320	\$ 2,463,470
Tangible Personal Property	110,454	134,346		783,258
Intangible Personal Property				379,890
Fire Protection	943			
Increases Through Exonerations	4,511	5,151	30,799	13,904
Franchise Corporation	83,980	101,045	437,930	
Unmined Coal - 2001 Taxes	1	1	6	2
Oil and Gas Property Taxes	106	113	720	257
Limestone, Sand, and Mineral Reserves	508	544	3,456	1,234
Bank Franchises	164,540			
Penalties	5,761	6,261	33,295	15,542
Adjusted to Sheriff's Receipt	(5)	1,753		1
Gross Chargeable to Sheriff	<u>\$ 1,385,169</u>	<u>\$ 1,336,040</u>	<u>\$ 6,547,526</u>	<u>\$ 3,657,558</u>
<u>Credits</u>				
Exonerations	\$ 10,263	\$ 11,219	\$ 56,602	\$ 26,143
Discounts	18,978	17,079	83,311	51,530
Transferred to Incoming Sheriff	48,342	52,282	277,974	139,507
Total Credits	<u>\$ 77,583</u>	<u>\$ 80,580</u>	<u>\$ 417,887</u>	<u>\$ 217,180</u>
Taxes Collected	\$ 1,307,586	\$ 1,255,460	\$ 6,129,639	\$ 3,440,378
Less: Commissions *	<u>55,860</u>	<u>53,357</u>	<u>168,565</u>	<u>146,504</u>
Taxes Due	\$ 1,251,726	\$ 1,202,103	\$ 5,961,074	\$ 3,293,874
Taxes Paid	1,250,485	1,200,833	5,955,783	3,290,555
Refunds (Current and Prior Year)	<u>1,251</u>	<u>1,312</u>	<u>5,288</u>	<u>3,315</u>
Due Districts or (Refunds Due Sheriff)		**		
as of Completion of Fieldwork	<u>\$ (10)</u>	<u>\$ (42)</u>	<u>\$ 3</u>	<u>\$ 4</u>

\* And \*\* See Page 4.

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
SAM CATRON, FORMER SHERIFF  
SHERIFF'S SETTLEMENT - 2001 TAXES  
April 13, 2002  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	5,993,424
2.75% on	\$	6,129,639

\*\* Special Taxing Districts:

Library District	\$	(12)
Health District		(4)
Extension District		<u>(26)</u>
Due Districts or (Refunds Due Sheriff)	\$	<u><u>(42)</u></u>

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENTS

April 13, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The former Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of April 13, 2002, the former Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the former Sheriff's agent in the former Sheriff's name, or provided surety bond which named the former Sheriff as beneficiary/obligee on the bond.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENTS  
April 13, 2002  
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2001. Property taxes were billed to finance governmental services for the year ended June 30, 2002. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 20, 2001 through April 13, 2002.

B. Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 2001. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 30, 2001 through April 13, 2002.

C. Oil Property Taxes

The oil property tax assessments were levied as of January 1, 2001. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 23, 2001 through April 13, 2002.

D. Gas Property Taxes

The gas property tax assessments were levied as of January 1, 2001. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 21, 2001 through April 13, 2002.

E. Limestone, Sand and Gravel Reserves Property Taxes

The limestone, sand and gravel reserves property tax assessments were levied as of January 1, 2001. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 28, 2001 through April 13, 2002.

Note 5. Interest Income

The former Pulaski County Sheriff earned \$8,406 as interest income on 2001 taxes. The former Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the Sheriff's office.

Note 6. Sheriff's 10% Add-On Fee

The former Pulaski County Sheriff collected \$41,834 of 10% add-on fees allowed by KRS 134.430(3). This amount was used to operate the former Sheriff's office. As of December 19, 2003, the former Sheriff owed \$404 in 10% add-on fees to his fee account.

Note 7. Advertising Fees

The former Pulaski County Sheriff collected \$7,148 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The advertising fees was used to operate the Sheriff's office.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Darrell BeShears, Pulaski County Judge/Executive

Honorable Todd Wood, Pulaski County Sheriff

Members of the Pulaski County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Pulaski County Sheriff's Settlement - 2001 Taxes as of April 13, 2002, for former Sheriff Sam Catron (Deceased), and have issued our report thereon dated December 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Pulaski County Sheriff's Settlement - 2001 Taxes as of April 13, 2002, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

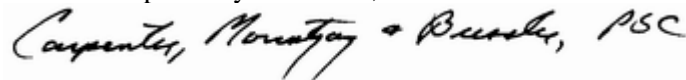
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Pulaski County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink that reads "Carpenter, Mountjoy & Bressler, PSC". The signature is written in a cursive, flowing style.

Carpenter, Mountjoy & Bressler PSC

Audit fieldwork completed -  
December 19, 2003

